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July 9, 2015

To: Mayor Michael D. Antonovich
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Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

From: Sachi A. Hamai
Interim Chief Executive Officer

Board of Supervisors
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First District

MARK RIDLEY-THOMAS
Second District

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Third District

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WASHINGTON, D.C. UPDATE - PURSUIT OF COUNTY POSITION TO OPPOSE ANY REDUCTION OF THE PREVENTION AND PUBLIC HEALTH FUND

This memorandum contains a pursuit of County position to oppose any reduction of Prevention and Public Health Fund, which was established by the Affordable Care Act.

Background

The Prevention and Public Health Fund (PPHF) was established by the Affordable Care Act (ACA) to finance investments in prevention, wellness, and public health services, and also is intended to improve health and reduce the growth of health care costs. The PPHF is not a program, but, instead, is a mandatory spending account that may be used by the Secretary of Health and Human Services (HHS) or Congressional appropriators to increase funding for prevention, wellness, and public health programs authorized by the Public Health Service Act. The ACA appropriated \$500 million for the PPHF in Federal Fiscal Year (FFY) 2010, and appropriated increased funding in each subsequent year until its annual appropriation was set at \$2 billion in FFY 2015 and each fiscal year thereafter.

Beginning in the 112th Congress, the PPHF has been targeted for elimination or reduction in various proposals to reduce the Federal budget deficit or as an offset in legislation to increase other mandatory spending or cut taxes. Under H.R. 3630, the Middle Class Tax Relief and Job Creation Act (Public Law 112-96) which was

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enacted in February 2012, PPHF appropriations were reduced by a combined total of \$6.25 billion (37.3 percent) in FYs 2013 through 2021. This PPHF cut was one of the offsets used to finance the cost of averting a 27.4 reduction of Medicare physician payment rates in 2012. As amended by P.L. 112-96, the annual PPHF appropriation is \$1 billion in FFYs 2013 through 2017, \$1.25 billion in FFYs 2018 and 2019, \$1.5 billion in FFYs 2020 and 2021, and \$2 billion in subsequent years.

This year, the PPHF again is at risk of being cut. Under H.R. 1190, as passed by the House on June 23, 2015, the PPHF would be further reduced by a total of \$8.85 billion in FFYs 2017 through 2025 to offset the estimated cost of eliminating the Independent Payment Advisory Board (IPAB). The ACA created the IPAB to recommend Medicare cuts which would take effect if Medicare spending exceeds a targeted growth rate unless Congress were to enact legislation to reduce Medicare spending by the same amount. The Congressional Budget Office estimates that repealing the IPAB would result in higher Medicare spending after FFY 2021. In past years, the House has passed bills which would eliminate the IPAB, but none have passed the Senate.

Besides being targeted for reduction as an offset in other legislation, PPHF also potentially could be cut as part of a deficit reduction package in a budget reconciliation bill. As previously reported, the FFY 2016 Budget Resolution includes reconciliation instructions for committees to report legislation to reduce mandatory spending, which could include the PPHF.

County Impact and Pursuit of County Position

The PPHF has financed over \$30 million in prevention, wellness, and public health service improvements in Los Angeles County over the past three years. Grants funded by the PPHF have enabled the County to accomplish the following:

- Increase smoke-free environments for 4.6 million County residents;
- Support the development of city-level plans that will increase opportunities for physical activity and health living for an estimated 4.2 million persons;
- Increase access to high-impact clinical preventive services for 233,000 residents at County Department of Health Services (DHS) ambulatory care network clinics;
- Increase access to improved diabetes care and prevention for 200,000 persons;
- Strengthen capacity to perform critical epidemiology and laboratory work and to detect, track, and respond to infectious disease and health threats; and

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- Partner with DHS, Federally Qualified Health Centers, and other health organizations in Los Angeles County to improve the identification and management of undiagnosed hypertension in the community.

The County's Department of Public Health and this office oppose any reduction in appropriations for the PPHF. The Board has adopted policies to preserve the Affordable Care Act, which established and permanently funds the PPHF. In addition, the County's Federal Legislative Agenda includes policies to support proposals and funding to enhance the nation's public health infrastructure, and to support proposals and increased funding for preventive health, and public health services, such as immunizations, early detection and diagnostic services, interconception and prenatal care, well-person care, nutrition, tobacco cessation, and health education activities, all of which could be funded by the PPHF. **Based on these existing policies, and unless otherwise instructed by the Board, the County's Washington, D.C. advocates will oppose legislation, which would reduce the Prevention and Public Health Fund.**

We will continue to keep you advised.

SAH:JJ:MR
MT:ma

c: All Department Heads
Legislative Strategist